



## State of Connecticut

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### Testimony on HB 5400: An Act Concerning the Municipal Employee Retirement System Contribution Rate

Senator Toni Boucher

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Chairman Prague, Chairman Zalaski, Ranking Member Guglielmo, Ranking Member Rigby, and distinguished members of the Labor and Public Employees Committee, thank you for the opportunity to testify on HB 5400, An Act Concerning The Municipal Employee Retirement System Contribution Rate. I am in favor of this bill, which increases the contribution rate for members of the municipal employee retirement system.

This bill takes much needed steps in correcting an imbalance between employer and employee contributions to the Municipal Employee's Retirement System (MERS). In 2002 the municipal payments to MERS accounted for 55% of the total contribution, as opposed to 45% for municipal employees. In the intervening years, the town contribution rate has been raised nine times. By July 2012, the ratio of employer to employee contributions to MERS will have risen to 84%/16% for public safety employees, and 88%/12% for non public safety employees.

Whereas our municipal governments have seen a dramatic increase in their required contribution, the contribution rate for municipal employees has not been changed. This imbalance has placed an extraordinary burden on our towns, often resulting in cutbacks to town services. Among the changes this bill will make will be to increase the employee contribution rate to MERS. Currently, municipal employees participating the Social Security system pay 2.25% of their salary and employees in a non participating system pay 5%. The bill will increase the contribution rate for all employees to 8% by 2015.

This increase in employee contributions will relieve some of the burden on our towns while helping to ensure that the MERS system remains solvent. During these difficult times it is important that we minimize the burden on our towns as much as possible to help them preserve the services they provide to Connecticut taxpayers.

Thank you for the opportunity to speak in favor of HB 5400.